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Colby Concedes C.I.A. Failed To Report Watergate Promptly

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WILLIAMSBURG, Va., Oct. 15 (AP)—William E. Colby, the Director of Central Intelligence, said today that the C.I.A. could have gone t prosecutors with information about Watergate earlier than it did, but "we didn't fall all over ourselves rushing to the policemen."

Mr. Colby made the assertion in response to an allegation by Seymour M. Hersh, a reporter for The New York Times who has written about illega domestic spying by the Central Intelligence Agency. Mr. Hersh charged that the C.I.A. "could have blown the whistle at any time" about Watergate.

"I think Sy is right," Mr. Coldy said. "In fact, we didt fall all over ourselves rushing to the policemen."

Mr. Hersh and Mr. Colby were here to participate in a panel discussion at the 42d annual meeting of the Associated Press Managing Editors.

During the discussion, Mr.3 Colby noted that he serves at the pleasure of the President. He added that he would re ign anytime he felt he could no longer be effective.

"It may be a new face would make a new phase in the history of our intelligence activities," he said.

Mr. Colby said that the concern in the C.I.A. around the time of the Watergate break-in in June, 1972, was that the agency's tangential involvement in the incident might be sensationalized.

Mr. Hersh noted that two days after the break-in at Democratic National Committee headquarters, top officials of the intelligence agency discussed the fact that months earlier John D. Ehrlichman, then a White House aide, had asked the C.I.A. to give covert assistance to E. Howard Hunt Jr.

That assistance—in the form of a wig and other material—was used by Mr. Hunt in connection with the 1971 break-in at the office of Daniel Ellsberg's former psychiatrist. Mr. Hersh said that intelligence agency officials were aware at the time of their discussion that Mr. Hunt was also linked to the Watergate break-in. He was indicted in that connection three months later.